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**Executive Director**

## **BY ELECTRONIC MAIL**

July 25, 2023

Mr. Richard Cruz Franqui  
General Counsel  
Puerto Rico Electric Power Authority

### **Re: Baker Donelson Caribe, LLC**

Dear Mr. Cruz Franqui,

In accordance with the Contract Review Policy (the “Policy”) of the Financial Oversight and Management Board for Puerto Rico (the “Oversight Board”), established pursuant to Section 204(b)(2) of PROMESA, we have reviewed the proposed contract between the Puerto Rico Electric Power Authority (“PREPA”) and Baker Donelson Caribe, LLC (the “Proposed Contract”).

After reviewing the Proposed Contract, the Oversight Board concludes “Approved with Observations.” Observations related to the Proposed Contract are set forth in Appendix A attached hereto.

Our review is solely limited to compliance of the Proposed Contract with Section 204(b)(2) of PROMESA, which seeks to ensure proposed contracts promote market competition and are not inconsistent with approved Fiscal Plans. For the avoidance of doubt, the review performed by the Oversight Board does not constitute a legal review of the contractual documentation or the contracting process, including without limitation: (i) compliance with contracting requirements under applicable laws, rules, and regulations, both federal and local; and (ii) compliance with applicable laws, rules, and regulations governing procurement activities, both federal and local.

In addition, the Oversight Board has not engaged in any due diligence or background check with respect to the contracting parties nor whether the contracting parties comply with the requirements under the applicable contract. Any material changes to the Proposed Contract must be submitted to the Oversight Board for review and approval **prior to execution**.

Mr. Cruz Franqui

July 25, 2023

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This letter is delivered as of the date hereof and we reserve the right to provide additional observations and modify this letter based on information the Oversight Board was not directed to when the review was conducted. In addition, during the course of our review, we may receive information that we may refer to the relevant authorities.

This letter is issued only to PREPA and solely with respect to the Proposed Contract.

Sincerely,



Jaime A. El Koury  
General Counsel

## APPENDIX A

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### PUERTO RICO ELECTRIC POWER AUTHORITY – BAKER DONELSON CARIBE, LLC

#### Fiscal Plan Alignment

This review covers the Proposed Contract between PREPA and Baker Donelson Caribe, LLC, which contemplates the provision of legal analysis, advocacy, advice, and opinions concerning investigations and audits by the Office of Inspector General and all matters related to federal funding, including by the Federal Emergency Management Agency and the US Department of Housing and Urban Development.

The original submission of the Proposed Contract took place on June 21, 2023 and was approved with observations by the Oversight Board on July 18, 2023. In its letter dated July 18, 2023, the Oversight Board required PREPA to resubmit the Proposed Contract if any modifications to it arose after review and approval by the Puerto Rico Energy Bureau (“PREB”).<sup>1</sup> On July 21, 2023, after implementing PREB’s required modifications and obtaining PREB’s approval,<sup>2</sup> PREPA submitted a revised version of the Proposed Contract incorporating PREB’s modifications for the Oversight Board’s review.

PREPA’s original submission included a certification from the Office of Management and Budget (the “OMB”) indicating that the Proposed Contract complies with an exception provided in Circular Letter 013-2021 regarding the requirement of competitive procurement processes for professional services contracts. Specifically, the OMB determined that the services contemplated under the Proposed Contract comply with the exception of previously contracted services that require continuity.

The Proposed Contract has a maximum payable amount of **\$200,000**, and a term from its date of execution of July 1, 2023 to **June 30, 2024**, with an option to extend the term for one year upon written agreement. We remind PREPA that in the event it intends to exercise any extension contemplated under the Proposed Contract, such extension must be submitted to the Oversight Board for review and approval prior to execution in accordance with the Policy.

The Proposed Contract shall be payable with General Funds allocated in **Account No. 01-4019-92311-556-615**, which pertains to the *HoldCo-Operations Expenses – Non-Labor/Other Operating expenses: PREPA Restructuring & Title III* line item. PREPA has certified that the funds required for payments under the Proposed Contract are allocated in the corresponding account. As such, the Oversight Board’s review indicates that PREPA has sufficient budgeted funds to cover the cost of the Proposed Contract as of the date of this letter.

This determination does not consider the extent to which total available funds will be subsequently encumbered by PREPA throughout the Proposed Contract’s term. Consequently, we rely on PREPA’s budget certification for purposes of this review. In the event that the Proposed Contract causes PREPA to exceed its budget, it must identify savings in other areas to cover any over-

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<sup>1</sup> PREB’s Resolution and Order issued on June 25, 2023 under docket NEPR-MI-2021-0004 requires PREPA (including HoldCo, HydroCo, and PropertyCo) to submit any proposed contracts or amendments to the PREB for review and approval prior to execution.

<sup>2</sup> PREB approved the Proposed Contract by Resolution and Order dated July 19, 2023.

## **APPENDIX A**

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budgeted amounts and request a reapportionment of any identified funds to the Oversight Board in order to ensure compliance with the Fiscal Year 2024 Certified PREPA Budget.

PREPA is expected to inform the Oversight Board of any budgetary differences other than those specified in Appendix A and to request a re-review of the Proposed Contract should any changes occur.

*This review was conducted on the basis of information submitted by the PREPA. The Oversight Board has not independently verified the information included in the submission. Should the Oversight Board become aware of any inaccuracies or misrepresentations – whether intentional or not – it would re-evaluate its assessment.*